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SUBJECT: PROSPECTS FOR BIOTECHNOLOGY IN SLOVAKIA IMPROVING
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¶1. Summary. On September 14, the Embassy funded and co-hosted the conference "Biotechnology and its Prospects for Biofuels," in cooperation with Slovakia's leading farm association. The conference, held in the spa town of Piestany, was attended by approximately 160 participants, predominantly farmers who are considering use of Bt corn. American biotech companies see the opportunity for a significant increase in Bt corn planting in Slovakia next year for the following reasons: 1) the opening of the Enviral bioethanol plant, which provides a clear market for Bt products, 2) the government's quiet support of biotech in agriculture, and 3) high commodity corn prices combined with low local yields. End Summary.

Piestany Conference

¶2. (SBU) Using funds granted by the Economic and Energy Bureau (EEB) (reftel), the Embassy partnered with the Slovak Food and Agriculture Association (SPPK) to develop a biotech outreach conference targeted toward Slovak farmers who are considering planting Bt corn next year. Farmers in Slovakia were legally able to plant MON810 Bt corn for the first time in 2007; however, only 16 farmers did so due to uncertainty about available markets, limited knowledge of EU and Slovak biotech regulations, and lack of information about the product's effectiveness and safety. To address these concerns, we developed a program featuring three Embassy-funded speakers from outside Slovakia (US farm leader Fred Yoder, UK bioscientist Richard Phipps, and Spanish biofeed industry specialist Jorge de Saja) and several Slovak speakers representing the bioethanol industry, the scientific research community, and government regulatory bodies.

¶3. (U) In his opening remarks to the conference, Ambassador Vallee emphasized the need for Slovakia and the United States to develop alternative energy sources and praised genetically modified seeds as a means for making bioethanol economically competitive. Most of the subsequent morning discussion focused on EU/Slovak regulatory frameworks for Bt corn and practical experience growing genetically modified crops. During the afternoon, the link between biotech and biofuels was explored more fully, with many questions directed toward the representative from Enviral, Slovakia's leading bioethanol producer, which began production in June 2007. While Enviral did not explicitly announce that it would begin purchasing Bt corn next year, it stated that Bt corn was the best product on the market for producing bioethanol and that farmers should make planting decisions accordingly. To wrap up the conference, farmers visited the nearby Piestany Research Center (VURV) test fields, where they could see first-hand the quality and economic efficiency of Monsanto's Bt corn and other biotech crops relative to conventional crops. During the field visit, many farmers took the opportunity to ask Yoder about his experience growing biotech

crops in Ohio.

¶4. (U) The conference was attended by at least 160 participants, mostly farmers, only one of whom grew Bt corn in 2007. Minister of Agriculture State Secretary (Deputy Minister) Vladimír Palsa, who is also a grain farmer and farm cooperative chairman in Eastern Slovakia, attended most sessions and visited the test fields. Several other office directors from the Ministries of Environment and Agriculture were in attendance. The conference was covered in national and local newspapers.

Looking Forward

¶5. (SBU) Looking toward 2008, Monsanto is optimistic that they will be able to significantly increase sales of Bt corn in Slovakia next year for the following reasons:

- Available Markets. The June opening of the Enviral biofuels processing plant in Leopoldov (Western Slovakia) favorably alters the market dynamics for growing Bt corn in Slovakia. The Enviral representative in Piestany wanted to avoid making headlines by stating absolutely that it would accept Bt corn in 2008. However, Enviral has already started signing contracts to purchase crops from farmers growing Bt corn in Southern Slovakia and plans to increase purchases in coming years unless the Slovak or EU regulatory framework dramatically changes. Enviral has a current annual production capacity of 120,000 cubic meters of bioethanol and expects to operate at 75 percent of capacity by next year. Bioethanol from Enviral will be the predominant domestic contributor to Slovakia's efforts to meet the European Union's biofuel content standards, which will rise to 5.75 percent in ¶2010.

- Government Positive. The Ministries of Agriculture and Environment, which respectively handle domestic and international (EU) regulation of genetically modified crops, have become increasingly convinced that biotech crop development is in Slovakia's interest. Upon entering office in 2006, high-ranking political appointees in these ministries knew little about biotechnology and were slow to issue regulations concerning Bt corn, resulting in the low number of farmers using Bt corn this year. Contacts in these ministries indicate, however, that the relevant Deputy Ministers from the coalition-leading Smer party -- Palsa (Agriculture) and Dušan Munko (Environment) -- have become strong supporters of biotech. Support for biotech within the governing coalition appears to stand on solid ground since anti-biotech pressures from Hungary, Austria, religious and environmental groups -- all of which were taken seriously by Slovakia's previous government -- do not significantly influence the current government. Officials from Monsanto and Pioneer now feel more secure that Slovakia's biotech legislation will not be changed for the worse.

- Price Signals. Slovak farmers are aware that increasing global and local demand for biofuels is likely to result in high corn commodity prices for the near future. Corn acreage has already been rising in Slovakia for several years -- a 25 percent increase since 1995 -- and corn has been the second-most profitable crop for Slovak farmers this decade (behind sugar beets) despite low yields by EU standards. 2007 has been no exception; yields are expected to be low due to dry conditions and pests, but SPPK reports that corn growers will be among their highest earning members this year. Anecdotal evidence from discussions with participants in Piestany suggests that Slovak farmers see higher yields associated with biotech technology and, given assurances about available biofuel and biofeed markets, they also see higher profits. Many suggested they want to try Bt corn in ¶2008.

VALLEE